

Message Text

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DRAFTED BY: AR/BR:L.V. PEREZ:LK

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ARA:BR:STEPHEN LOW

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R 242136Z SEP 73

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

INFO AMCONSUL RIO DE JANEIRO

C O N F I D E N T I A L STATE 189886

THE FOL TEL SENT 22, SEP 73 TO NAIROBI INFO SECSTATE WASHDC
FROM DEPT TREASURY WASHDC IS REPTD.

QTE TOSHU # 29

PASS TO JOHN HENNESSY C/O SHULTZ'S PARTY U.S. EMBASSY
NAIROBI KENYA FROM MARKS.

REF. LIMITED OFFICIAL USE NAIROBI 6409

SUBJ.: COUNTERVAILING AND ANTIDUMPING CASES INVOLVING BRAZIL

1. COUNTERVAILING DUTIES: THERE HAVE BEEN NO COUNTERVAILING
DUTY INVESTIGATIONS OR COMPLAINTS INVOLVING BRAZIL UNTIL THE RECENT
COMPLAINT COVERING RUBBER AND NON-RUBBER FOOTWEAR COMPLAINT
WAS FILED BY THE AMERICAN FOOTWEAR INDUSTRY ASSOCIATION ON JULY
19, 1973. THE BRAZILIAN GOVERNMENT HAS NOT REPEAT NOT BEEN
FORMALLY NOTIFIED OF THE COMPLAINT, ALTHOUGH WE HAVE REASON
TO BELIEVE THAT GOB IS AWARE OF THE COMPLAINT THROUGH TRADE
SOURCES.

2. ANTIDUMPING:

-. ON JULY 18, 1973, THE U.S.
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TARIFF COMMISSION FOUND NO REPEAT NO PRESENT INJURY, BUT

DETERMINED THAT "AN INDUSTRY IN THE UNITED STATES IS LIKELY TO BE INJURED" BY IMPORTS OF PRINTED VINYL FILM FROM BRAZIL. IT IS ONLY RECENTLY THAT THE TARIFF COMMISSION HAS, AFTER MANY YEARS, APPLIED THE DOCTRINE OF "LIKELIHOOD OF INJURY" TO DUMPING CASES. WE HAVE REASON TO BELIEVE THAT THE BRAZILIANS HAVE STRONG FEELINGS REGARDING THE APPLICABILITY OF THIS DOCTRINE TO PRINTED VINYL FILM CASE AND REGARD IT AS EXAMPLE OF U.S. PROTECTIONISM. THIS TARIFF COMMISSION DECISION FOLLOWED A TREASURY INVESTIGATION INITIATED ON MAY 18, 1972, WHICH RESULTED IN A DETERMINATION OF SALES AT LESS THAN FAIR VALUE ON APRIL 19, 1973. THE COMPLAINT WAS FILED BY HART AND CO., A SUBSIDIARY OF DIAMOND SHAMROCK CORP. ON JULY 13, 1973, GOB FORMALLY EXPRESSED ITS BELIEF THAT SUCH IMPORTS FROM BRAZIL WERE NOT CAUSING INJURY. SPECIAL DUMPING DUTIES ARE ASSESSABLE ON IMPORTS OF PRINTED VINYL FILM FROM BRAZIL AFTER AUGUST 24, 1973, THE DATE ON WHICH A FORMAL FINDING OF DUMPING WAS ISSUED.

B. WHEN SECRETARY CONNALLY MET WITH FINANCE MINISTER DELFIN NETTO ON JUNE 9, 1972, A THEN CURRENT TREASURY ANTI-DUMPING CASE CONCERNING PIG IRON FROM BRAZIL WAS DISCUSSED BY GOB. GOB REQUESTED TERMINATION OF THE PROCEEDING SINCE, ACCORDING TO DELFIN NETTO, A GOB INVESTIGATION SHOWED NO DUMPING. WE HAVE NO RECORD OF WHAT SECRETARY CONNALLY'S RESPONSE WAS; HOWEVER SOME MEMBERS OF U.S. DELEGATION IN NAIROBI MAY HAVE BEEN PRESENT AT THE MEETING AND COULD SUPPLY INFORMATION ON THAT SUBJECT. THE CASE IN QUESTION WAS INITIATED ON APRIL 12, 1972, AFTER A COMPLAINT HAD BEEN RECEIVED FROM CONGRESSMAN DULSKI. THE CASE WAS CLOSED WITH A NEGATIVE REPEAT NEGATIVE DETERMINATION BY TREASURY ON MARCH 7, 1973.

M. J. MARKS

UNQTE RUSH

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